

# **What the Navy Does to Assist and Accelerate To Phase III**

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## **Key Areas that Help**

- 1% CPP 1% Funds to provide assistance to SBIR/STTR Firms
- Phase II.5 Program
- Transition Assistance Program (TAP)
- New TRIMS software tool
- PEO Involvement
- Strong SYSCOM SBIR Offices

## Two main goals of Navy SBIR/STTR Program

- Use small business to develop innovative R&D that addresses a Navy need
- Commercialize (Phase III) that technology into a Navy platform or weapons system



## Navy SBIR By The Numbers

Metric	FY08	FY09	FY10
Total Funding per FY	\$274M	\$333M**	\$342M
Navy SBIR Topics issued that FY	219	224	233
Navy SBIR Topics that Address Affordability	75.3%	69.2%	64.4%
Navy Phase I Awards from FY Solicitations	555	597	273*
Navy Phase II Awards during FY	272	240	229*
Navy Phase III Awards during FY	90	126	TBD
Amount of Navy Phase III Awards that FY	\$307M	\$362M	TBD
SBIR/STTR Projects presented at Forum	172	177	205
Attendees at Navy Opportunity Forum	1,252	1,448	1,367
Avg time to award Navy Phase I contracts	4.5 mo	4.8 mo	4.3 mo*
Avg time w/o funding between Phase I & II	8.2 mo	7.5 mo	8.6 mo*

\* Awards still being made, data as of August 2010

\*\* ONR Comptroller has reduced 09 Numbers now appear to be ~\$328M

## Historical Perspective

### From 2006 PL 109-163 (CPP Legislation) to Present

- 2006 - CPP legislation goal ***“accelerate the transition of technologies, products, and services developed under SBIR to Phase III, including the acquisition process.”*** It allows use of 1% of SBIR funds to “manage” the “acceleration” efforts, but does not provide any special CPP funds for the Phase II awardees.
- 2007 - Navy experimented under SAT (SBIR Accelerated Transition) by providing substantially higher SBIR funding to Phase II projects, either as a mod or second phase II award.
- 2007 to 2009 - SYSCOM's used CPP 1% to develop processes and tools to address goal of “accelerate the transition ... to Phase III”
- 2010 – pulled SYSCOM processes together based and develop Navy-wide terminology and rules for accelerating from Phase II to III.

## What is CPP?

### What is Phase II.5?

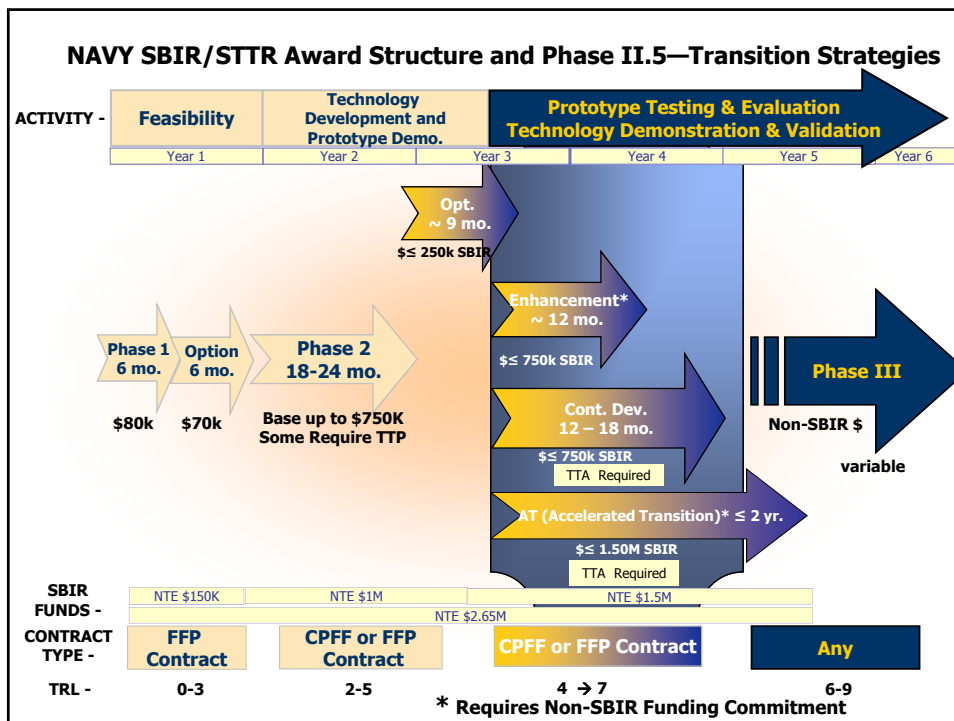
- CPP is the 1% SBIR Program funds Service is allowed to use on “accelerating” activities with
  - In-house Navy staff to provide additional support
  - Support contracts that provide assistance to the SBIR and STTR firms

***No CPP funding goes to SBIR or STTR Firms***
- Phase II.5 is SBIR or STTR Program funds, above normal < \$1M funding Phase II amounts, that is provided to the SBIR and STTR firms

***Phase II.5's require additional levels of support, due diligence, agreements and non-SBIR/STTR funding commitments***

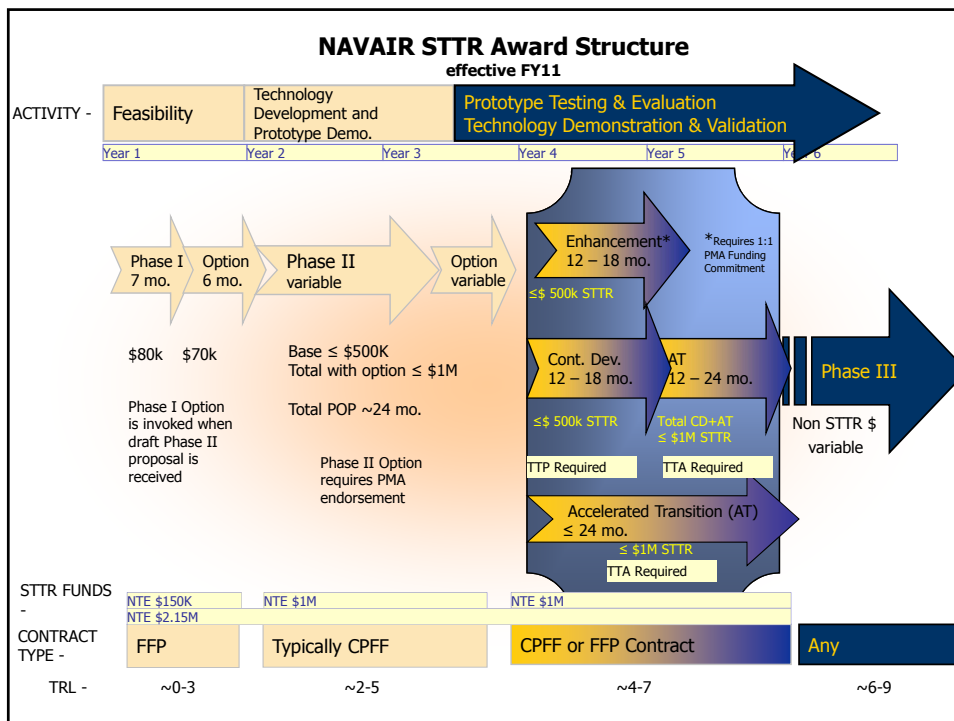
## Where Did Phase II.5 Originate, How is it Funded? September 2007 CNR Memo

- Per 7 September 2007 CNR Memo - **“20% of funds for CPP “Phase II.5” T&E matching projects”** to assist in continued technology development and maturation of successful Phase II projects.
- **~ 80%** of the 2.5% Extramural R/R&D Tax will fund the normal Phase I & II process.
- **~ 20%** of the 2.5% Extramural R/R&D Tax will be set aside to fund Phase II.5 efforts
- **Up to 1%** of the 2.5% Extramural R/R&D Tax set aside for CPP Admin funding

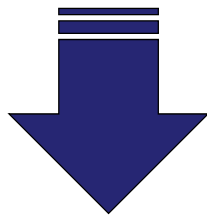




# How do I get Phase II.5 Funding?

- The SYSCOM SBIR PM, Technical Monitor and PEO Sponsor decide which Phase II's receive Phase II.5 funding
- The SBIR efforts are identified in different ways at each SYSCOM but the request and start of due diligence process is internal
- How can a firm best prepare themselves for a Phase II.5?
  - Know who wants your technology in Phase III
  - What you need to overcome to get there
  - Address Risk, Funding, Competitive approaches, Partnering, Licensing, etc...
  - Plan transition early and often



# SYSCOM-SPECIFIC Award Structures and Requirements



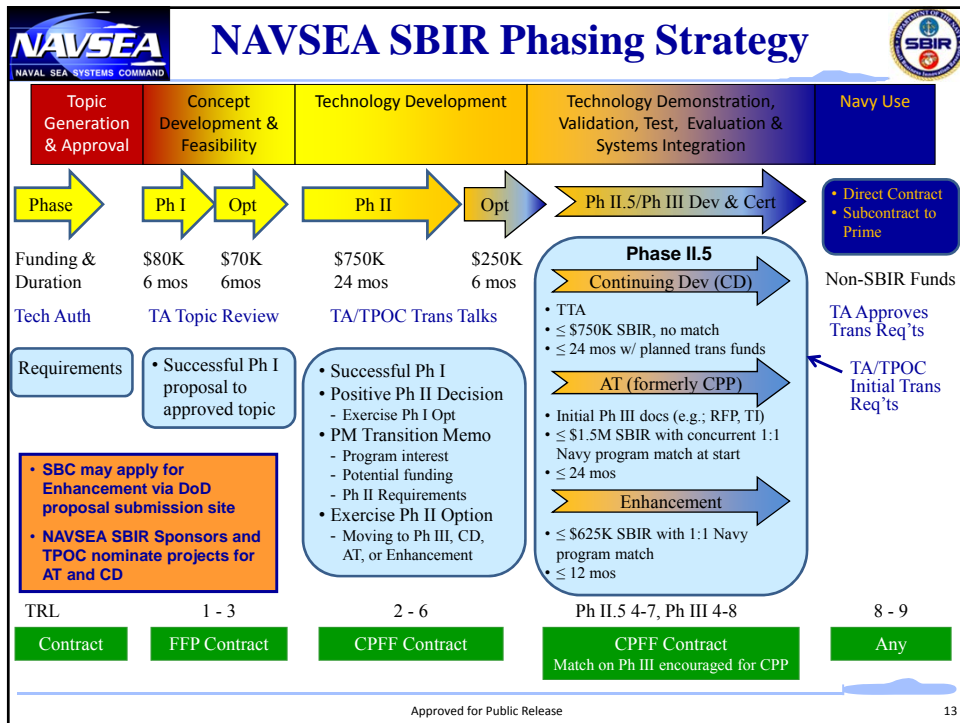
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# NAVSEA

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Predecisional Working Papers 12

The slide features a header with the NAVSEA logo (Naval Sea Systems Command) on the left and the SBIR logo (Small Business Innovation Research) on the right. A horizontal blue line spans the width of the slide below the logos. The word "NAVSEA" is centered in a large, bold, black font. At the bottom, another horizontal blue line is present, with the text "Predecisional Working Papers" and the number "12" on the right side.



## NAVSEA Phase II.5 Funding & Documentation Requirements

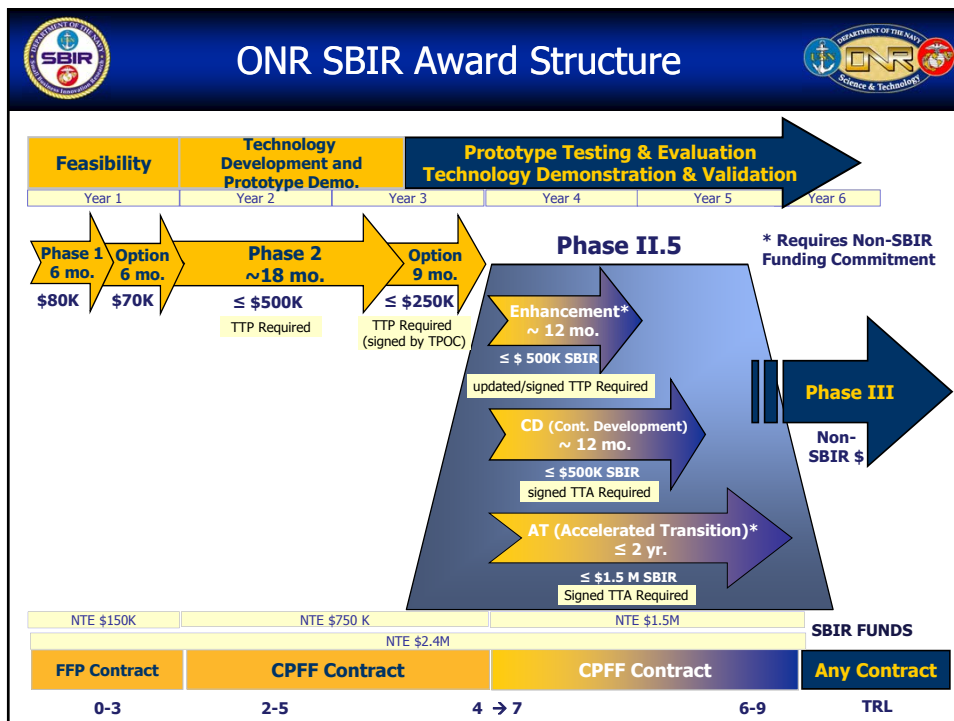
Phase II.5 Strategy	Phase II.5 Duration	Phase II.5 SBIR Max	DoD Non-SBIR Funding Reqmts	Documentation Reqmts	Exit TRL	Approval By
<b>Option</b>	≤6 mos	\$250K	None	Unsigned TTA for CD, Ph III Initial Contracting Docs (e.g. RFP, TI) for AT or Ph III, or Enhancement application	Any	NAVSEA SBIR CPM
<i>All SBIR Phase II.5 funds go on original Phase II or on a 2<sup>nd</sup> Phase II contract</i>						
<b>Enhancement</b>	≤12 mos	\$625K	1:1 Concurrent SBIR & Navy program funds to SBC (matching funds available at contract modification)	Enhancement application	Any	NAVSEA SBIR CPM
<b>Continuing Development (CD)</b>	≤24 mos	\$750K	None	TTA signed by TPOC, target Navy transition program, Navy program providing transition funds, PEO Sponsor, & NAVSEA SBIR CPM before end of option. TTA must show planned transition funds. TTA updated with change in cost, schedule, participants, transition, or insufficient risk retirement.	~5-6	NAVSEA SBIR CPM
<b>Accelerated Transition (AT)</b>	≤24 mos	\$1.5M	Concurrent 1:1 SBIR to Navy program match at time of Ph II contract modification	Initial Ph III contracting documents (e.g.; RFP, TI) at time of Ph II contract modification	> 6	NAVSEA SBIR CPM

For SBIR Investment >\$2.5M (Phase II + II.5)

- Navy Director approval and 1:1 concurrent funds to SBC required
- NAVSEA's Ph II awards in excess of \$2.5M shall be ≤10% of NAVSEA Phase II projects
- Non-SBIR funds should be applied to a Ph III
- TTA Updated & re-signed annually per signature requirements above

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# ONR





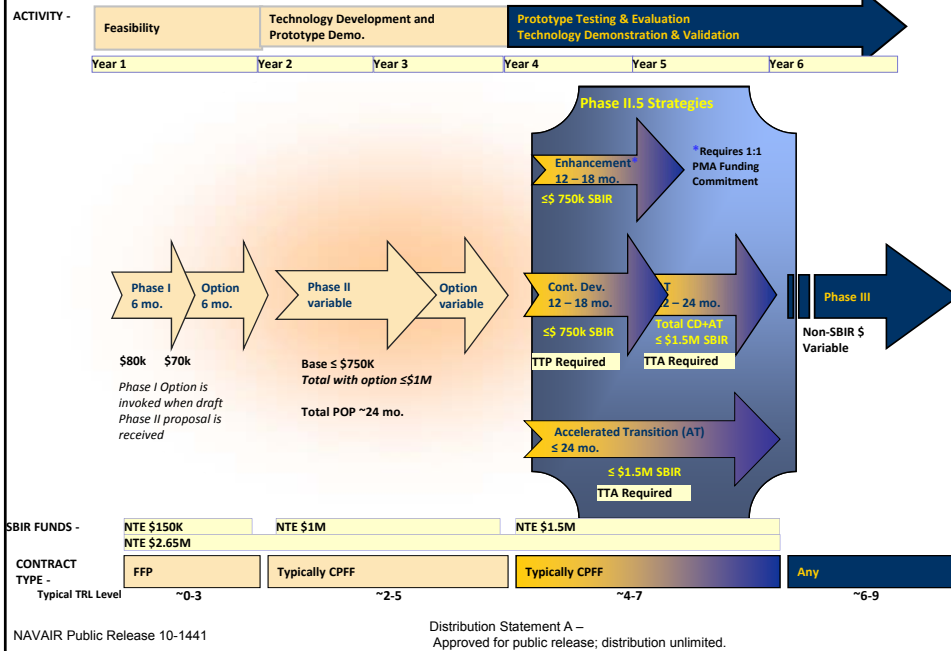
## Beyond Phase II Award Details



Phase II.5 Strategy	Phase II.5 Duration	Phase II.5 SBIR Funding Maximum	DoD Non-SBIR Funding Requirements	Total Phase II + II.5 SBIR Maximum	TTA Requirements	Expected TRL (Start : End)	Approval By
<b>Phase II Option</b>	~ 9 mo.	\$250K	None	\$750K	TTA (Updated and Signed by TPOC)	Any	ONR SBIR PM must approve signed TTP
All Phase II.5 SBIR funding goes on a 2 <sup>nd</sup> Phase II award. Matching funds may go on Phase II.5 or Phase III award and must be awarded concurrently with SBIR Phase II.5 funding.							
<b>Enhancement</b>	~ 12 mo.	\$500K	1 SBIR \$ :1 Non-SBIR \$* 1 SBIR \$ : 2 Non-SBIR \$**	\$1.5M	TTA (Updated and Signed by TPOC)	Any : 4	ONR SBIR PM must verify non-SBIR DoD funding source and approve TTP
<b>CD (Continuing Development)</b>	~ 12 mo.	\$500K	None Required	\$1.25M	TTA (Signed by transition sponsor and ONR TPOC; must include a future funding line)	Any : 4	ONR SBIR PM must approve signed TTA
<b>AT (Accelerated Transition)</b>	≤ 24 mo.	\$1.5M	1 SBIR \$ : 1 Non-SBIR \$ *	\$2.25M	TTA (Signed by transition sponsor and ONR TPOC)	Any : 6	ONR SBIR PM must verify non-SBIR DoD funding source and approve TTA
* Matching Funds Accepted for 1 SBIR \$ : 1 Non-SBIR \$: Navy Program Dollars (excluding D&I or Congressional)							
** Matching Funds Accepted (1 SBIR \$ : 2 Non-SBIR \$): All other funds outside Navy Program Dollars (including D&I and Congressional)							



# NAVAIR SBIR Phasing Strategy



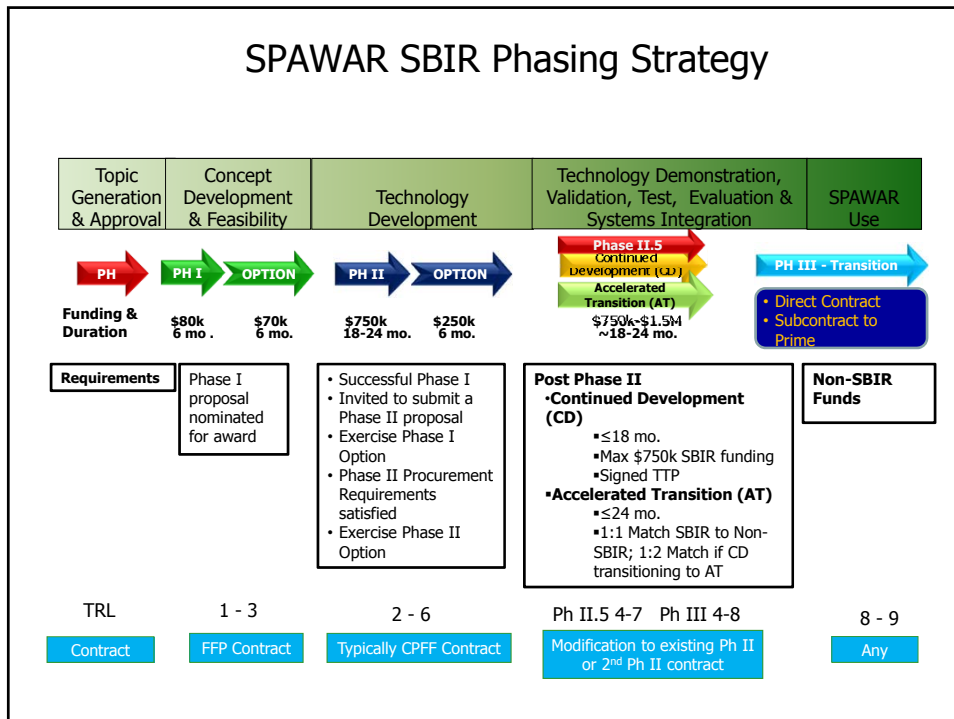
Phase II.5 Strategy	Phase II.5 Duration	Phase II.5 SBIR Funding Maximum	NAVAIR Non-SBIR Funding Requirements	TTA Requirements	Exit TRL	Approval By
All SBIR Phase II.5 funds go on original Phase II or on a 2 <sup>nd</sup> Phase II contract						
<b>Enhancement</b>	Typically 12 to 18 mo.	\$750K	1:1 Concurrent SBIR & NAVAIR program funds to SBC (matching funds available at contract modification)	None	Any	NAVAIR SBIR PM must verify & approve non-SBIR DOD match ratio and funding source
<b>Continued Development (CD)</b>	Typically 12 to 18 mo.	\$750K	NAVAIR Acquisition Program funds or prime investment desired but not required	<ul style="list-style-type: none"> <li>Technology Transition Plan (TTP) developed by TPOC and PMA</li> <li>TTP endorsed by PMA, PEO SBIR Technology Manager, and CTO</li> </ul>	Typically ~5-6	SYSCOM SBIR PM or DPM
<b>Accelerated Transition (AT)</b>	≤24 mo.	\$1.5M	Transition funding must be detailed in TTA	<ul style="list-style-type: none"> <li>Technology Transition Agreement (TTA) developed by TPOC and PMA</li> <li>TTA approved by PMA and PEO SBIR Technology Manager</li> <li>Phase III out year funds identified in TTA</li> </ul>	> 6	SYSCOM SBIR PM or DPM

For SBIR Investment >\$2.5M (Phase II + II.5):

- Navy Director approval and 1:1 concurrent funds to SBC required
- # NAVAIR SBIR Phase II awards in excess of \$2.5M will be ≤10% of NAVAIR SBIR Phase II projects
- Non-SBIR funds should be applied to a Ph III
- TTA reviewed annually

# SPAWAR

## SPAWAR SBIR Phasing Strategy



## SPAWAR Ph II.5 Funding & Documentation Requirements

Phase II.5 Strategy	Phase II.5 Duration	Ph II.5 SBIR Funding Maximum	Total Phase II + II.5 SBIR Funding Maximum	DoD Non-SBIR Funding Requirements	Documentation Required (in Addition to PR Package Requirements)	Approval By
<b>All SBIR Phase II.5 funds go on original Phase II or on a 2nd Phase II contract</b>						
<b>Continued Development (CD)</b>	≤18 mo.	\$750k	\$1.75M	None	TTP signed by: TPOC, PEO SBIR TD, Navy Program that will be providing transition funds, SPAWAR SBIR PM	PEO SBIR TM/TD, SPAWAR SBIR PM
<b>Accelerated Transition (AT)</b>	≤24 mo.	\$1.5M	\$2.5M	1:1 Match of SBIR to Non-SBIR Funds; 1:2 Match if CD Transitioning to AT	None	TPOC, PEO TM/TD, SPAWAR SBIR PM

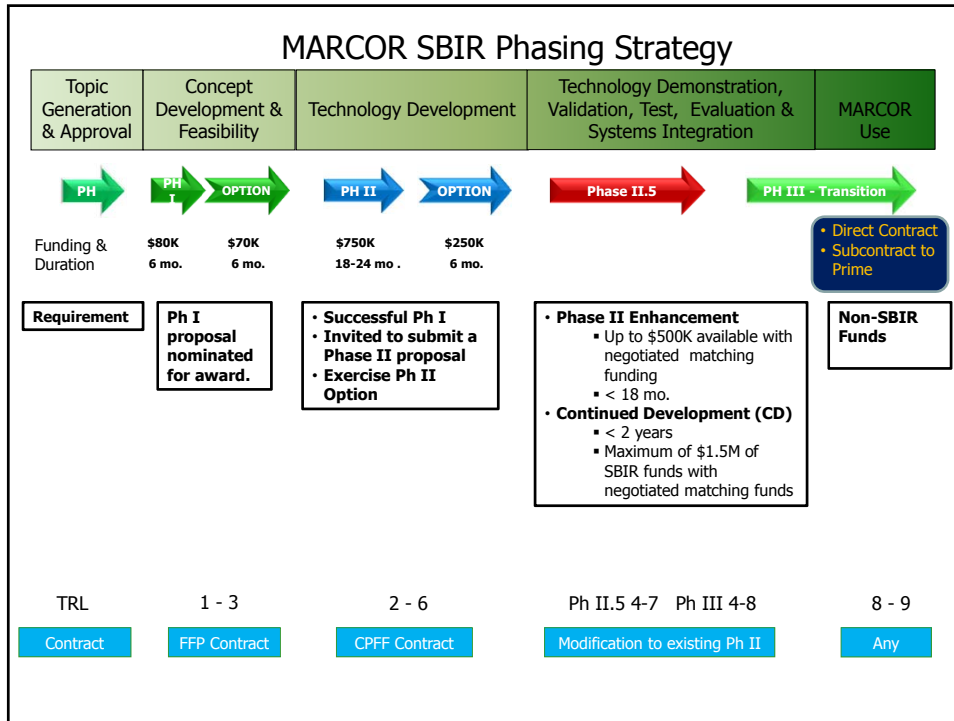
**New Definitions:**

Phase II.5: Any phase II in which the total phase II investment, for a specific topic to an SBC, exceeds \$1M  
 Matching funds: Any concurrent non-SBIR funds from the government put on the phase II contract or funding from a prime contractor, to an SBC, that logically extends the effort from the SBIR contract

**Notes:**

Per solicitation guidelines: phase II base cannot exceed \$750k and option cannot exceed \$250k  
 Phase II Option requires PEO TM approval and 'Phase II Option Request Form'  
 Any contracting action request sent to SBIR PO prior to 19 JAN 11 is exempt from new documentation requirements and limits  
 Topics designated as Naval Provider Enterprise (NPE) are exempt from TTP requirement  
 Maximum non-SBIR funds on phase II.5 is \$1.5M  
 Documentation required for matching funds from a prime contractor includes: copy of contract between prime contractor and SBIR SBC; TPOC review and certification that prime/SBC contract logically extends from R&D in phase II SBIR

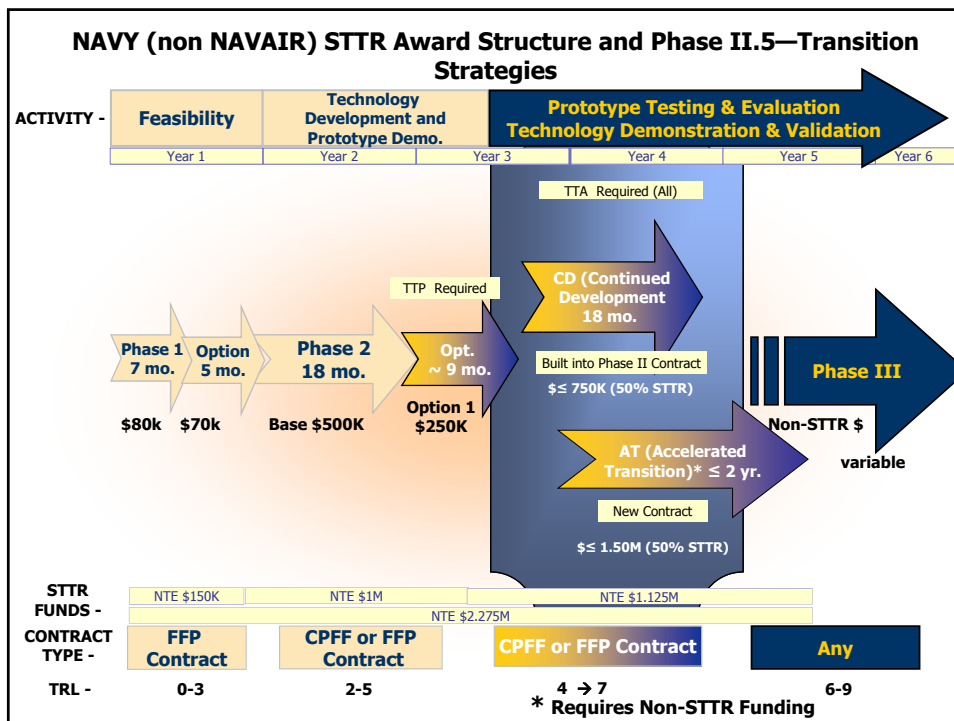
# MARCOR



### MARCOR SBIR Post Phase II Funding & Documentation Requirements

Program Option	Duration	SBIR Max	DoD Non-SBIR Funding Requirements	Documentation Requirement	Exit TRL	Approval By
All SBIR Phase II.5 funds go on original Phase II or on a 2 <sup>nd</sup> Phase II contract						
<b>Option</b>	≤6 mo.	\$250K	None	TTA	Any	PEO-LS or PGD, IPM, SBIR PM
<b>Enhancement</b>	≤18 mo.	\$500K	Up to \$500K SBIR funding with negotiated matching funds	TTA	Any	PEO-LS or PGD, IPM, SBIR PM
<b>Continued Development (CD)</b>	≤24 mo.	\$1.5M	Up to \$1.5M SBIR funding with negotiated matching funds	TTA	~5-6	PEO-LS or PGD, IPM, SBIR PM

# STTR



NAVY (non-NAVAIR) STTR Award Structure and Phase II.5—Transition Strategies						
Phase II.5 Strategy	Phase II.5 Duration	Phase II.5 STTR Funding Maximum	DoD Non-STTR Funding Requirements	TTA Requirements	Exit TRL	Approval By
All SBIR Phase II.5 funds go on original Phase II or on a 2 <sup>nd</sup> Phase II contract						
<b>Option</b>	~9 mo.	\$250K	None	TTP Required	Any	Commitment from PEO, Transition Target, or SYSCOM PM
<b>Continuing Development (CD)</b>	~18 mo.	\$750K (50% STTR)	Built into contract. 50% Non-STTR funding share required.	TTA signed by PM or R&D lead and matching funds source. Approved by STTR PM.	~4-6	SYSCOM STTR PM
<b>Accelerated Transition (AT)</b>	≤24 mo.	\$1.5M (50% STTR)	New contract. 50% Non-STTR funding share required.	TTA signed by PM or R&D lead and Matching Funds Source. Approved by CTO or PEO and SYSCOM SBIR PM & STTR PM.  Phase III out year funds identified in TTA. TTA in PM Database	≥ 6	SYSCOM STTR PM
<p>* Cases where &gt;\$2.5M SBIR Investment (Phase II + II.5) require Navy Director approval, and 1:1 concurrent funds to SBC. No more than 10% of SYSCOMs Phase II funding can be used on \$2.5M plus awards. Non-SBIR funds should be applied to a phase III. TTA Updated &amp; re-signed annually by non-SBIR funding source and SYSCOM SBIR Office.</p>						

